

## **Hartford Healthcare- March 5, 2009**

### **General Introduction**

- Thank you Committee members for allowing us to speak today. My name is Jeffrey Flaks, Executive Vice President and Chief Operating Officer, Hartford Hospital.
- We recognize this is an extremely busy time for you and we appreciate your willingness to take up this important proposal.
- We are here today because the process that the state created to help fix Dempsey led us to this critical point.
- Last year, CASE issued its request for proposals to find a partner capable of making John Dempsey solvent and significantly enhancing our state's health care.
- Hartford Hospital, along with the Hospital of Central Connecticut, responded with what we believe is the best and more comprehensive vision for the people of our region and our state.
- After many months of hard work and negotiations, I am very pleased to tell you that UCONN and Hartford have come to an agreement to form a new University Hospital. We are very excited about the potential for this plan and what it could mean to Connecticut.
- Our vision is bold and is not easy. But with your help, we have an opportunity to not only transform our state's health care but also to transform our state's economy.

### **History**

- Before I get too far into the plan's details, I wanted to remind everyone about who and what Hartford Hospital is and what we stand for.
- For over 156-years, our nonprofit Hartford Hospital has been at the forefront of developing new and innovative medical procedures including: performing the first successful heart transplant in the state; the only Level 1 trauma center in the Capitol Region attracts patients throughout the State; second busiest surgical hospital in New England; and pioneering the use of robotics in surgery.
- As a nonprofit institution, we are dedicated to giving the people of Hartford and Connecticut the very best care. That is what we do and that is what our proposed partnership plan is all about: serving the people of Connecticut as best we can.

- In fact, Hartford Hospital is the State's number one provider of free clinical care for people who cannot afford treatment. We do this because it is part of our mission and part of who we have always been. Today, we have an opportunity to extend that care and to further our mission.

### **Dempsey Background**

- I will not go into the details as my UCONN friends and colleagues have already succinctly stated the problems and challenges, but it is clear to anyone who has looked at numbers: John Dempsey Hospital (JDH) is simply not a sustainable economic model and is at risk to close and severely impact the Health Center and UConn.
- The costs of Dempsey are not going to change, unless we take dramatic action to change it.
- Our plan will not only save the hospital, it can help it grow: adding hundreds of jobs, making the hospital financially viable and resulting in a huge economic stimulus for our region.

### **The Plan:**

- So, what is the partnership and what would it do?
- In short, the planned partnership will create a new University Hospital on two campuses: Farmington and Hartford.
- A new state-of-the-art hospital would be build to replace the aging John Dempsey. Major expansions at Hartford Hospital and bid partner the Hospital of Central Connecticut would complete the plan.
- By combining our institutions and hospitals, we would turn the existing 200+-bed, 63<sup>rd</sup> ranked teaching hospital into a 1,100-bed world-class teaching hospital, aspiring to a ranking in the top 30 in the nation, transforming Dempsey from the nation's 2<sup>nd</sup>-smallest academic hospital to one of the largest.
- While we would not increase the number of medical beds in Farmington, we would significantly increase the degree of care and expertise our doctors and medical professionals can provide to the people of Connecticut.
- In addition, as part of the plan, five of the major area hospitals would partner together to form an educational and research collaborative resulting in tens of millions in new research grants, nearly tripling UCONN's existing funding.

- This would also generate hundreds of new high-paying jobs and further the creation of a new nationally recognized biomedical research and educational hub, like Boston's.

### **Financials:**

- Of course this plan requires a significant investment from Hartford Hospital and from the state.
- For its part, HH is willing to invest upwards of \$565M for the project. In addition, we will assume all of the financial risk of John Dempsey hospital moving forward, permanently removing the state's obligation to pay for the annual deficit, which this year alone sits at \$17M.
- For the State's part, we are asking for the State to pay for the building of the new Farmington campus, which the state will remain owners of, and to pay for the "fringe benefit differential" which the state negotiated.
- According to our estimates, our plan will not only save the an estimated \$24 million in operating costs in the first two years, it will only cost about \$28 million in capital costs. Making it almost break even in the short term for all of the benefits.
- In the long term, we believe this plan will net over \$1 B for the state, not to mention generate millions more in secondary investments and create thousands of new jobs.
- To put this in perspective, if the University and the state were to build a hospital of this quality on our own, it would cost at least \$1 billion. With the Hartford plan, the people of Connecticut get a 1,100 bed, world-class University Hospital for roughly half the cost, plus all of the other benefits.

### **Health Care Industry**

- I come here today not only as a representative of Hartford Hospital, but also as a citizen of Connecticut. Like everyone in this room and in this state, I am deeply concerned about the financial health of our cities and state.
- The challenges we face are indeed enormous. But we are not without options and not without hope. Now, more than ever, we need to make choices that have very tangible results.
- As I'm sure you are acutely aware, the health care industry was the lone bright spot in our state and nation's economy.

- In fact, according to the Society for Healthcare Strategy & Market Development, in 2007 hospitals nation-wide employed nearly 5.3 million people and were **the second largest source of private-sector jobs.**
- In addition, hospitals spent about \$304 billion on goods and services from other businesses, creating additional economic value for the community. With these “ripple effects” included, each hospital job supports about two more jobs, and every dollar spent by a hospital supports roughly \$2.30 of additional business activity. Overall, hospitals support nearly one of nine jobs in the United States and nearly \$2 trillion in economic activity.
- Closer to home, last year Connecticut employers cut 29,300 jobs statewide in 2008. However, the state Department of Labor just last month highlighted health care as **the one growth area** in the state. In fact, last year the health industry ADDED over 4,100 jobs and now there are more than 240,000 people in Connecticut who make a living working in the health care industry.
- Making Dempsey sustainable and viable is not just about Dempsey. It is about investing in an industry that is growing and needs to grow to serve the people of Connecticut.

### **Health Care Services**

- But of course, this plan is ultimately about enhancing the region’s healthcare.
- One of the reasons that the combination of our two intuitions makes such logical sense is because we already have many of the programs UCONN needs to better recruit, teach and train the next generation of great doctors and medical professionals.
- As part of this partnership, UCONN will add HHCC’s tertiary and quaternary capabilities that the state hospital doesn’t have now, notably Level 1 Trauma Center, LifeStar, Interventional Neuroradiology, and Transplant Services
- We will also invest \$85M in financial support and educational initiatives to secure the Health Center faculty and bolster our community and educational programs including:
  - Financial support of the academic mission
  - Funding for growth of clinical faculty
  - Biomedical technology investments
  - Working capital for transition

- Research enterprise is integrated with the medical school
- It will also attract additional world-class physicians, dentists and other health care professionals and be a destination for patients seeking care from some of the nation's premier academic medical centers.
- The University Hospital plan would not only build on the region's existing educational and budding research foundation, it would expand it and give our young surgeons and practitioners a health care industry to work and thrive in, right here in Hartford.
- This isn't simply about merging a few area hospitals; it's about building a better health care system and economic base for our region.

### **Conclusion:**

- Success in the endeavor means more than saving jobs. It means creating new jobs and helping more working families in these tough times. Our plan is not about treading water, it is about lifting all boats.
- In the end, what this plan does is:
  - Generates over \$1B in net revenue for the state, saving upwards of \$24M operating costs in the next two years alone
  - Enhances UConn's overall reputation as one of the nation's top public research universities
  - Helps recruit & retain additional research & clinical faculty
  - Creates a tier-one, nonprofit, 1,100 bed teaching and research medical institution
  - Transforms the Dempsey Hospital from 2<sup>nd</sup>-smallest academic hospital to one of the largest (1,100 bed)
  - Creates a bio-Medical hub fueled by adding millions more in research grants
  - Attract/retain world's best doctors and staff to the University Hospital and other hospitals in the region
  - Removes the annual John Dempsey deficit
  - And, creates thousands of new jobs and millions of dollars in private investment at a time when we need it the most.
- I fully understand that these are difficult times. But this plan can help our state's budget, can help our health care services and, most importantly, can help us serve the people of Connecticut.
- This truly is a chance to do something remarkable for our present, and, more importantly, for the future of Connecticut, its health care and its economy.
- I thank you for your time.